

# What is LED?

## *Local Employment Dynamics Explained; It's Like Opening Another Gold Mine!*

There's a new kid in town! All right, it's not a kid—it's economic data. But it is new, and to us economists, it's exciting! It's called Local Employment Dynamics (LED) and is produced by the United States Census Bureau. This program is actually a collaboration between participating states and the Census Bureau. The Census Bureau does the number crunching and puts out the final product.

Job counts for each state are generated from each state's unemployment insurance (UI) program. You may recognize this system as the one that offers unemployment benefits to people who have been laid off from a recent job. Employers provide this information, and jobs are counted by summing all employment across all employers.

Most state UI laws only require that employers provide a name, social security number, and total wages earned by each worker during the quarter. What is not supplied is other economically useful information, like occupational title, an hourly wage rate, number of hours worked, age, gender—just to name a few. The new LED program fills in some of those blanks.

Through the decennial census, the Census Bureau can provide people's age and gender. Combine the various states' UI data with the Census Bureau information, and analysts can get a more clear employment profile for each state. How many females are employed? In what industries do they have a strong presence? What industries hire a lot of teens? What are turnover rates in various industries—by gender and by age?

These are just some of the questions that can now be answered with the new LED data. This issue of Trendlines is dedicated to Utah's recent participation in this program and the new data mine now available. If you can't tell, we're excited.

For more information go to <http://lehd.dsd.census.gov/led/index.html> and click on "QWI Online."

# UTAH'S CURRENT EXPANSION HAS PASSED ITS PEAK

As has been the case for more than two years, all employment sectors in Utah continue to add new jobs. This ranges from 13,400 new jobs in construction over the past year to 1,100 new jobs in the small sector called "other services." The point to note, though, is that the rate of growth is starting to recede. Prior to this point, employment growth had been expanding since mid-2003. This signals that, in terms of the rate of employment growth, we have reached and surpassed the top of the business cycle. Growth from here forward will continue to occur, but at a diminishing pace.

The slowing of the economy is just beginning to happen, and is really centered upon two industries—construction and trade. Ironically, these are the two industries that have been leading the economic expansion, and remain two sectors that have added many new jobs over the past year. But, the rate of their employment growth has peaked and is moderating.

It's not that businesses in these two sectors are turning sour on Utah and its economic outlook. Instead, the problem (if it's fair to even call it a problem) is coming from the labor force—namely, not enough workers. With an unemployment rate of 2.6 percent, there aren't enough workers to supply an economy that wants to grow fast.

As Utah's economic growth slows, it won't feel any slower; at least not to the worker or business person on the street. They wouldn't even know things are slowing without a monthly publishing of economic conditions posted in the newspapers. Jobs will still be available, and in some cases remain vacant. Wage growth pressures will remain in place.

As the rate of employment growth slows, the unemployment rate will remain low. Even if it rises to 3.5 percent, it will remain a tight labor market. This economist is looking for an unemployment rate of 4 percent and moving higher before I feel that the current Utah economic situation has changed its face—that a sour mood from consumers or businesses is now the slowing factor upon the economy, not a lack of workers. ●



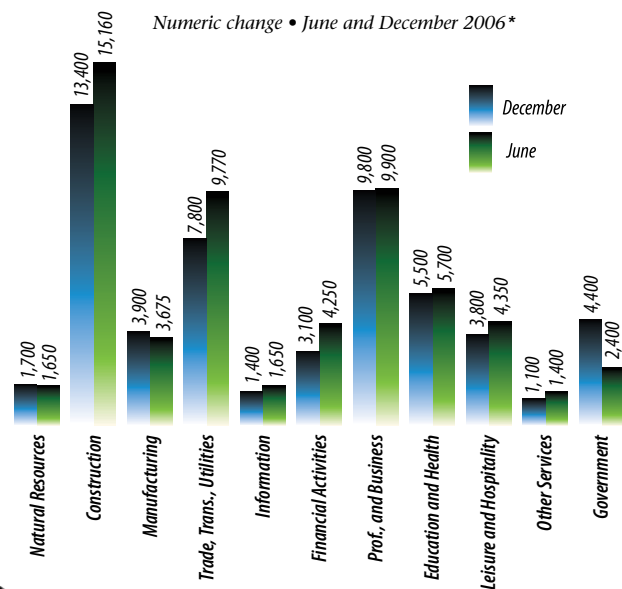
To follow the latest economic events:  
<http://jobs.utah.gov/wi/press/tlextra/tlextracurrent.asp>

# ION



## Utah Nonfarm Job Growth

Numeric change • June and December 2006\*



Source: Utah Department of Workforce Services

\*Note: This is year-over change; June 2005-2006, December 2005-2006

## Did you know...

Southern Utah's booming economy is producing more than profit for various business owners — it's also creating a serious shortage of qualified employees.

<http://deseretnews.com/dn/view/0,1249,650221933,00.html>

Strong job growth and the soon-to-be-demolished Key Bank Tower downtown pushed office vacancies in Salt Lake County down to 10.3 percent.

<http://deseretnews.com/dn/view/0,1249,650219879,00.html>

The apartment vacancy rate for the greater Salt Lake area fell to its lowest point in more than five years.

<http://deseretnews.com/dn/view/0,1249,650223806,00.html>

